

**Tempo Beverages Ltd.
and its Subsidiaries**

**Condensed Consolidated Interim
Financial Statements**

For the period ended September 30, 2017

**Condensed Consolidated Interim Financial Statements
For the Period Ended September 30, 2017 (Unaudited)**

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Condensed Consolidated Interim Statement of Financial Position**Reported Amounts**

	September 30 2017	September 30 2016	December 31 2016
	(Unaudited)	(Unaudited)	(Audited)
	NIS in thousands		
Assets			
Cash and cash equivalents	20,892	25,005	23,372
Short-term deposits	-	5,458	-
Trade receivables	392,215	359,938	251,058
Other receivables	25,346	25,890	22,854
Derivative instruments	-	568	261
Inventory	278,851	264,748	265,184
Current tax assets	1,984	1,456	2,236
Total current assets	719,288	683,063	564,965
Loans, other receivables and derivatives	41,776	28,709	29,248
Fixed assets	569,469	533,228	531,180
Intangible assets	40,431	19,721	27,376
Investments in equity accounted investees	5,924	8,109	7,415
Inventory in process	6,864	5,983	5,040
Employee benefits	-	697	770
Deferred tax assets	11,356	10,366	9,165
Total non-current assets	675,820	606,813	610,194
Total assets	1,395,108	1,289,876	1,175,159

Condensed Consolidated Interim Statement of Financial Position (cont'd)**Reported Amounts**

	September 30 2017 <u>(Unaudited)</u>	September 30 2016 <u>(Unaudited)</u>	December 31 2016 <u>(Audited)</u>
	<u>NIS in thousands</u>		
Liabilities			
Bank overdraft	302,324	176,724	147,397
Trade payables	247,036	252,455	210,206
Other payables	130,548	144,260	115,928
Derivative instruments	424	403	968
Current maturity of debentures	24,073	24,218	24,078
Provisions	-	7,450	-
Current taxes liabilities	16,346	17,888	17,539
Total current liabilities	720,751	623,398	516,116
Liabilities to banks	46,846	64,779	58,956
Other Long-term liabilities and derivatives	2,768	4,734	4,490
Debentures	101,446	124,269	113,191
Deferred tax liabilities	34,786	35,056	32,527
Employee benefits	4,621	875	1,001
Total non-current liabilities	190,467	229,713	210,165
Total liabilities	911,218	853,111	725,281
Equity			
Non-controlling interests	641	600	626
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	914	-	-
Retained earnings	335,000	288,830	300,917
Total equity attributable to owners of the company	483,249	436,165	448,252
Total equity	483,890	436,765	448,878
Total liabilities and equity	1,395,108	1,289,876	1,175,159

Jacques Beer
Chairman of the Board
and CEO

Amir Burenstein
Deputy Chairman
of the Board

Eyal Tregerman
CFO

Date financial statements confirmed: November 30, 2017

Condensed Consolidated Interim Income Statement**Reported Amounts**

	For the nine months ended		For the three months ended		For the
	September 30		September 30		year ended
	2017	2016	2017	2016	December 31
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2016
	NIS in thousands				(Audited)
Revenues from sales, net	1,030,735	980,950	388,802	371,907	1,240,562
Cost of sales	604,694	567,319	227,140	215,750	725,932
Gross profit	426,041	413,631	161,662	156,157	514,630
Selling and marketing expenses	(252,550)	(233,129)	(90,815)	(79,321)	(297,256)
General and administrative expenses	(62,011)	(58,608)	(22,412)	(21,957)	(76,611)
Other income	1,905	301	679	-	1,030
Other expenses	-	(1,293)	-	(614)	(4,445)
Operating profit	113,385	120,902	49,114	54,265	137,348
Financing income	1,729	1,013	288	130	1,555
Financing expenses	(15,351)	(11,744)	(5,767)	(3,526)	(14,499)
Financing expenses, net	(13,622)	(10,731)	(5,479)	(3,396)	(12,944)
Share of profits of equity-Accounted investees	1,974	809	1,352	433	115
Profit before taxes on income	101,737	110,980	44,987	51,302	124,519
Taxes on income	(27,585)	(27,158)	(12,428)	(13,071)	(28,747)
Profit for the period	74,152	83,822	32,559	38,231	95,772
Attributable to:					
Owners of the Company	74,137	83,792	32,558	38,226	95,716
Non-controlling interests	15	30	1	5	956
	74,152	83,822	32,559	38,231	95,772

Condensed Consolidated Interim Statement of Comprehensive Income**Reported Amounts**

	For the nine months ended		For the three months ended		For the
	September 30		September 30		year ended
	2017	2016	2017	2016	December 31
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2016
	NIS in thousands				(Audited)
Profit for the period	74,152	83,822	32,559	38,231	95,772
Foreign currency translation differences of foreign operations	914	-	777	-	-
Defined benefit plan actuarial gains (losses)	(54)	385	(31)	(17)	548
Other comprehensive income (losses)	860	385	746	(17)	548
Total comprehensive income for the period	75,012	84,207	33,305	38,214	96,320
Attributable to:					
Owners of the Company	74,997	84,177	33,304	38,209	96,264
Non-controlling interests	15	30	1	5	56
Total comprehensive income for the period	75,012	84,207	33,305	38,214	96,320

Condensed Consolidated Interim Statement of Changes in Equity

Reported Amounts

	Attributable to Owners of the Company				Non-controlling interests	Total equity	
	Share capital	Share premium	Translation reserve	Retained earnings			Total
	NIS in thousands						
For the nine months ended September 30, 2017 (unaudited)							
Balance as at January 1, 2017	1	147,334	-	300,917	448,252	626	448,878
Dividend to owners	-	-	-	(40,000)	(40,000)	-	(40,000)
Actuarial losses from defined benefit plan	-	-	-	(54)	(54)	-	(54)
Profit for the period	-	-	-	74,137	74,137	15	74,152
Foreign currency translation differences of foreign operation	-	-	914	-	914	-	914
Balance as at September 30, 2017	1	147,334	914	335,000	483,249	641	483,890
For the nine months ended September 30, 2016 (unaudited)							
Balance as at January 1, 2016	1	147,334	-	229,653	376,988	570	377,558
Dividend to owners	-	-	-	(25,000)	(25,000)	-	(25,000)
Actuarial gains from defined benefit plan	-	-	-	385	385	-	385
Profit for the period	-	-	-	83,792	83,792	30	83,822
Balance as at September 30, 2016	1	147,334	-	288,830	436,165	600	436,765

Condensed Consolidated Interim Statement of Changes in Equity

Reported Amounts

	Attributable to Owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings	Total		
	NIS in thousands						
For the three months ended September 30, 2017 (unaudited)							
Balance as at July 1, 2017	1	147,334	137	302,473	449,945	640	450,585
Actuarial losses from defined benefit plan	-	-	-	(31)	(31)	-	(31)
Profit for the period	-	-	-	32,558	32,558	1	32,559
Foreign currency translation differences of foreign operation	-	-	777	-	777	-	777
Balance as at September 30, 2017	1	147,334	914	335,000	483,249	641	483,890
For the three months ended September 30, 2016 (unaudited)							
Balance as at July 1, 2016	1	147,334	-	250,621	397,956	595	398,551
Actuarial losses from defined benefit plan	-	-	-	(17)	(17)	-	(17)
Profit for the period	-	-	-	38,226	38,226	5	38,231
Balance as at September 30, 2016	1	147,334	-	288,830	436,165	600	436,765
For the year ended December 31, 2016 (audited)							
Balance as at January 1, 2016	1	147,334	-	229,653	376,988	570	377,558
Distributed dividend	-	-	-	(25,000)	(25,000)	-	(25,000)
Actuarial gains from defined benefit plan	-	-	-	548	548	-	548
Profit for the period	-	-	-	95,716	95,716	56	95,772
Balance as at December 31, 2016	1	147,334	-	300,917	448,252	626	448,878

Condensed Consolidated Interim Statement of Cash Flows**Reported Amounts**

	For the nine months ended		For the three months ended		For the
	September 30		September 30		year ended
	2017	2016	2017	2016	December 31
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2016
NIS in thousands					
Cash flows from operating activities					
Profit for the period	74,152	83,822	32,559	38,231	95,772
Adjustments:					
Depreciation and amortization	63,854	59,218	24,683	22,331	79,395
Depreciation of intangible assets	7,985	6,920	3,395	2,349	9,228
Share of profits of equity-accounted investees	(1,974)	(809)	(1,352)	(433)	(115)
Gain on revaluation of investment	(701)	-	-	-	-
Interest expenses	8,075	10,639	3,175	3,039	14,302
Loss (gain) on sale of fixed assets	(423)	1,220	(200)	606	1,871
Income tax expense	27,585	27,158	12,428	13,071	28,747
	178,553	188,168	74,688	79,194	229,200
Change in inventory	(9,171)	(15,719)	(33,207)	(33,185)	(15,212)
Change in trade and other receivable	(138,343)	(126,509)	(41,497)	(25,656)	(14,361)
Change in trade and other payables	39,033	100,525	45,184	44,765	22,863
Changes in employee benefits	4,000	669	1,694	291	814
	(104,481)	(41,034)	(27,826)	(13,785)	(5,896)
Income tax paid	(29,083)	(19,766)	(6,021)	(4,530)	(23,741)
Net cash from operating activities	44,989	127,368	40,841	60,879	199,563
Cash flows from investing activities					
An increase in deposits	-	-	-	-	5,458
Acquisition of subsidiary less cash required	(4,197)	-	-	-	-
Acquisition of equity-accounted investees	(2,800)	(6,000)	-	-	(6,000)
Dividend from investee companies	3,775	-	-	-	-
Proceeds from sale of fixed assets	1,215	524	607	210	871
Acquisition of fixed assets	(84,812)	(54,645)	(47,461)	(20,127)	(70,731)
Investment in intangible assets	(5,401)	(10,983)	(582)	(225)	(20,946)
Investment in long-term receivables	(40,617)	(27,722)	(11,602)	(8,991)	(34,056)
Repayment of investment in long-term receivables	13,670	14,955	3,513	4,077	18,064
Net cash used in investing activities	(119,167)	(83,871)	(55,525)	(25,056)	(107,340)
Cash flows from financing activities					
Short-term credit, net	149,254	9,800	26,583	(12,284)	(19,527)
Distributed dividend	(40,000)	(25,000)	-	-	(25,000)
Repayment of debentures	(12,000)	(12,000)	-	-	(23,190)
Repayment of long-term loans	(16,168)	(16,037)	(4,487)	(4,405)	(21,860)
Repayment of other long-term liabilities	(105)	(322)	(35)	(35)	(357)
Interest paid	(9,283)	(10,151)	(2,848)	(2,650)	(14,135)
Net cash used in financing activities	71,698	(53,710)	19,213	(19,374)	(104,069)
Net change in cash and cash equivalents	(2,480)	(10,213)	4,529	16,449	(11,846)
Cash and cash equivalents as at the end of the period	23,372	35,218	16,363	8,556	35,218
Cash and cash equivalents as at the end of the period	20,892	25,005	20,892	25,005	23,372

Condensed Consolidated Interim Segment Reporting

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	For the nine months ended September 30							
	(Unaudited)							
	NIS in thousands							
Segment revenue	392,728	371,130	148,034	138,319	489,973	471,501	1,030,735	980,950
Segment profit	93,461	95,920	32,611	35,517	47,419	49,242	173,491	180,679
Unallocated expenses							(60,106)	(59,777)
Operating profit							113,385	120,902
Net financing expenses							(13,622)	(10,731)
Share of profits of equity accounted investees							1,974	809
Taxes on income							(27,585)	(27,158)
Profit for the period							74,152	83,822

Condensed Consolidated Interim Segment Reporting

(In Thousands of NIS)

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	For the three months ended September 30							
	(Unaudited)							
	NIS in thousands							
Segment revenue	146,378	139,880	52,602	47,119	189,822	184,908	388,802	371,907
Segment profit	37,374	37,175	11,926	12,697	21,429	27,023	70,729	76,895
Unallocated expenses							(21,615)	(22,630)
Operating profit							49,114	54,265
Net financing expenses							(5,479)	(3,396)
Share of profits of equity accounted investees							1,352	433
Taxes on income							(12,428)	(13,071)
Profit for the period							32,559	38,231

Condensed Consolidated Interim Segment Reporting

(In Thousands of NIS)

	<u>Alcohol drinks</u>	<u>Barkan</u>	<u>Non-alcohol drinks</u>	<u>Consolidated</u>
	For the year ended December 31, 2016			
	(Audited)			
	NIS in thousands			
Segment revenue	<u>474,357</u>	<u>167,467</u>	<u>598,738</u>	<u>1,240,562</u>
Segment profit	<u>119,231</u>	<u>39,103</u>	<u>59,276</u>	217,610
Unallocated expenses				<u>(80,262)</u>
Operating profit				137,348
Net financing expenses				(12,944)
Share of profits of equity-accounted				115
Taxes on income				<u>(28,747)</u>
Profit for the period				<u>95,772</u>